

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 L-03 INR-07 ABF-01 SP-02 /031 W

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P 270455Z AUG 75

FM AMEMBASSY KATHMANDU

TO SECSTATE WASHDC PRIORITY 2715

LIMITED OFFICIAL USE KATHMANDU 3820

STADIS////////////////////////////////

E.O. 11652: N/A

TAGS: EGEN, NP

SUBJ: USG CLAIMS AGAINST FOREIGN GOVERNMENTS (GON)

REF: STATE 199782

1. USG CLAIM FOR REFUND OF GASOLINE, DIESEL FUEL AND KEROSENE EXCISE TAXES TOTALS NEPALI RUPEES 6,412,691 (\$610,732). THIS SUM REPRESENTS ACCRUAL OF VARIOUS CLAIMS SUBMITTED BY MONTHLY INVOICES FROM 1960 ONWARD. THE OUTSTANDING AMOUNT CONCERNS THE PERIODS 1960-64 AND 1971-72 AND CONSISTS OF CLAIMS FOR REFUND OF INDIAN EXCISE TAXES WHICH GOI IN TURN IS TO REFUND TO GON. CURRENT SYSTEM OF REFUNDS IS WORKING SMOOTHLY, BUT COLLECTION OF BACK CLAIMS HAS BEEN STYMIED BY TWO FACTORS: THE DESTRUCTION OF RELEVANT GON RECORDS BY THE SINGHA DURBAR FIRE IN 1973; AND THE REFUSAL OF INDIA TO GRANT EXCISE TAX REFUNDS TO GON FOR GOODS INCLUDING POL PRODUCTS IMPORTED TO NEPAL BY FOREIGN MISSIONS. THERE IS LITTLE PROSPECT THAT THIS IMPASSE WILL BE RESOLVED. WE ARE UNLIKELY TO ACHIEVE SUCCESSFUL REDUCTION OF THIS CLAIM AS LONG AS INDIA REFUSES TO GRANT THE REFUND TO GON.

2. SEPARATE FROM THE ABOVE INDIAN EXCISE TAX PROBLEM IS AN OUTSTANDING CLAIM OF RS 161,041 (\$15,337) FOR REFUND OF NEPALI CUSTOMS AND SALES TAXES ON GASOLINE, DIESEL FUEL AND KEROSENE. THIS TOTAL CONSITS OF THREE CATEGORIES:

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A) FAILURE TO REFUND RS 40,960 IN CUSTOMS DUTY FOR THE

PERIOD SEPT-DEC 1972. NO EXPLANATION EVER GIVEN, BUT PRESUMABLY DUE TO DESTRUCTION OF RECORDS IN THE SINGHA DURBAR FIRE.

B) GON WITHHOLDING OF 18 PERCENT OF CUSTOMS DUTY REFUNDS FROM DEC 1972 TILL PRESENT, AN ACCUMULATED TOTAL OF RS 46,886, AS A "SERVICE CHARGE."

C) A SALES TAX IMPOSED FROM SEPT 1974, WHICH HAS ACCRUED TO A TOTAL OF RS 74,195 AS OF JULY 1975. REFUNDS HAVE NOT YET BEEN RECEIVED BECAUSE OF DELAYS IN ESTABLISHMENT OF /PROPER CHANNELS" FOR PROCESSING THESE REFUND CLAIMS, BUT PROSPECTS SEEM FAIR FOR EVENTUALLY OBTAINING REFUND. CONTACT FOR FURTHER INFORMATION ON THE ABOVE IS: BUDGET & FISCAL OFFICER, AMERICAN EMBASSY.

3. ONLY OTHER KNOWN OUTSTANDING CLAIMS ARE THOSE BY USAID FOR REFUND OF LOCAL CURRENCY DISBURSEMENTS FOR LOCAL PROJECT, ON THE GROUNDS OF NON-UTILIZATION AND/OR NON-ACCOUNTING. DATES AND AMOUNTS AS FOLLOWS:

3/10/72	RS1,578,652.00
3/29/71	36,758.00
6/18/71	223,730.29
6/24/71	52,094.98

CONTACT FOR FURTHER INFORMATION IS: CONTROLLER, USAID/NEPAL. CARGO

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NNN

## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CLAIMS, DEBT REPAYMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 AUG 1975  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MartinML  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition History:** n/a  
**Disposition Reason:**  
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**TAGS:** EGEN, NP  
**To:** STATE  
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